Easier procedure for opening savings accounts

1045. SHRI RAJKUMAR DHOOT: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that RBI has advocated for easier procedure for opening savings accounts;

(b) if so, the details thereof; and

(c) what more steps are being taken to encourage small savings in banks and post offices?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA): (a) and (b) In order to extend banking facilities to the sections of the society who have so far remained excluded and with a view to achieving the objective of greater financial inclusion, all banks have been advised by RBI to make available a basic banking 'no frills' account either with 'nil' or very low minimum balance, as well as, minimum service charges so as to make such accounts accessible to vast sections of population. All banks have been advised to give wide publicity to this facility. Further, after introduction of document based verification of identity/ address in November, 2004, a large number of persons, especially those belonging the low income group both in urban and rural areas were not able to produce such documents to satisfy the bank about their identity and address. This led to their financial exclusion. Accordingly it has been decided to further simplify Know Your Customer (KYC) procedure for opening of account for those persons who intend to keep balances not exceeding Rs.50,000/- in their accounts taken together and the total credit in all the accounts taken together is not expected to exceed Rs.1,00,000/- in a year.

(c) In order to encourage small savings in banks few banks have already initiated certain pilot projects in remote parts of the country, utilizing smart cards/mobile technology to extend banking services similar to those dispensed from branches. Printed material used by retail customers like account opening forms, pay-in-slips, passbooks etc. are printed in trilingual form in order to ensure that banking practices percolate to larger sections of population.

In order to make the small savings schemes in post offices more attractive and investor friendly, the taken by Government include, increase in the maximum deposit ceiling under the Post Office Monthly Income Account (POMIA) Scheme. Bonus at the rate of 5% of the deposits has also been made available in respect of the deposits made under the POMIA Scheme on or after 8th December, 2007 upon maturity of the deposit. Further, the benefit of Section 80C of the Income Tax Act, 1961 has been extended to the investments made under 5 year Post Office Time Deposits Account and Senior Citizens Savings Schemes, with effect from 1.4.2007.